

VILLAGE OF NORWOOD, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

**VILLAGE OF NORWOOD, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

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**VILLAGE OF NORWOOD, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

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BASIC FINANCIAL STATEMENTS

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Honorable Rebecca Bellue, Mayor
And Board of Alderpersons
Village of Norwood, Louisiana
P. O. Box 249
Norwood, Louisiana 70761

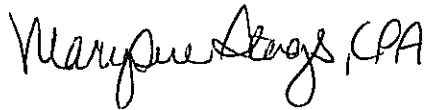
We have reviewed the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Norwood, LA, as of and for the year ended June 30, 2012, which collectively comprise the Village of Norwood, LA's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Norwood, La. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village of Norwood, La. is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information listed in the table of contents are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
Baker, LA
December 19, 2012

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the Village based on currently known facts, decisions or conditions.

HIGHLIGHTS OF THE PAST YEAR

- Net assets of the Village as a whole at year-end were \$1,629,553
- Net assets of governmental activities decreased by \$60,318 while net assets of business-type activities increased by \$224,956
- Water and fire improvements for citizens continued during the year totaling \$278,510 paid through grant programs

The Village was able to provide hydrants and improved water piping along James Lane providing better access to residents in the event of fire or other emergencies. Volunteer fire assistance was also provided through federal grant awards. Water enrichment and improvements continue through the use of funding provided by grants for which the Village is greatly dependent for its survival. We truly appreciate all of the agencies that donate money for roads, water, sewer, etc. Otherwise, we would be unable to purchase these necessary things that are needed for everyday life in a small town.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of three components – (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. There is also other supplemental information contained in this report provided for additional information.

Government-wide Financial Statements. The government-wide financial statements present financial information for all activities of the Village from an economic resource measurement focus using the accrual basis of accounting. These provide both short-term and long-term information about the Village's overall financial status. They include a statement of net assets and statement of activities.

Statement of Net Assets. This statement presents information on all of the Village's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or not.

Statement of Activities. This statement presents information of the change in net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

This statement is designed to show the Village's financial reliance on general revenues. The government-wide financial statements can be found on pages 10-12 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village has two categories of funds: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the Village's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

Governmental funds of the Village include a general fund that is used to account for all accounts not required to be accounted for separately and a special revenue fund used to account for proceeds legally restricted for the purpose of street maintenance.

Proprietary Funds. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurements, which together with the maintenance of equity, is an important financial indicator.

Proprietary funds include an enterprise fund that is used to account for operations (a) where the intent of the providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Fund financial statements can be found on pages 14-22.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The index of the notes is found on page 24 with the actual notes beginning immediately afterwards.

**VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary comparisons. These schedules indicate the Village's compliance with its adopted and final revised budgets.

FINANCIAL ANALYSIS OF THE VILLAGE

Net assets are an indicator of the Village's financial position from year to year. A summary of net assets follows.

SUMMARY OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets				
Current assets	\$ 56,309.25	\$ 81,791.29	\$ 77,080.39	\$ 71,530.48
Restricted assets	21,863.19	13,848.16	34,824.30	33,379.49
Capital assets, net	<u>255,317.68</u>	<u>300,008.62</u>	<u>1,254,111.49</u>	<u>1,041,157.67</u>
Total Assets	<u>333,490.12</u>	<u>395,648.07</u>	<u>1,366,016.18</u>	<u>1,146,067.64</u>
Liabilities				
Current liabilities	1,491.32	3,331.34	5,374.86	5,387.48
Long-term liabilities	.00	.00	63,086.63	55,774.71
Total Liabilities	<u>1,491.32</u>	<u>3,331.34</u>	<u>68,461.49</u>	<u>61,162.19</u>
Net Assets				
Invested in capital assets, net of accumulated depreciation and related debt	255,317.68	300,008.62	1,198,336.78	980,857.59
Restricted	43,166.73	43,457.55	34,824.30	33,379.49
Unrestricted	<u>33,514.39</u>	<u>48,850.56</u>	<u>64,393.61</u>	<u>58,361.34</u>
Net Assets	<u>331,998.80</u>	<u>392,316.73</u>	<u>1,297,554.69</u>	<u>1,072,598.42</u>

A summary of changes in net assets is as follows:

SUMMARY OF CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues/Transfers				
Charges for services	\$ 39,629.05	\$ 64,581.45	\$ 82,439.90	\$ 73,913.46
Operating grants/contributions	36,730.79	4,545.00	.00	.00
Capital grants/contributions	.00	69,979.24	228,095.94	122,147.05

**VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

General revenues/transfers:

Taxes	75,699.59	68,062.52	.00	.00
Licenses/permits	13,088.43	14,308.66	.00	.00
Interest earned	435.99	220.71	236.31	2,407.85
Interest expense	.00	.00	(2,914.63)	(3,135.06)
Other revenues	748.75	1,951.50	.00	579.20
Transfers	<u>(39,592.17)</u>	<u>.00</u>	<u>39,592.17</u>	<u>.00</u>
Net Revenues/Transfers	126,740.43	223,649.08	347,449.69	195,912.50

Expenses

General government	54,780.90	59,953.01	.00	.00
Public safety/works	132,277.46	148,695.38	.00	.00
Water/sewer	.00	.00	122,493.42	112,608.53
Total Expenses	<u>187,058.36</u>	<u>208,648.39</u>	<u>122,493.42</u>	<u>112,608.53</u>

Change in net assets	(60,317.93)	15,000.69	224,956.27	83,303.97
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Net assets, beginning	<u>392,316.73</u>	<u>377,316.04</u>	<u>1,072,598.42</u>	<u>989,294.45</u>
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Net assets, ending	<u>331,998.80</u>	<u>392,316.73</u>	<u>1,297,554.69</u>	<u>1,072,598.42</u>
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BUDGETARY HIGHLIGHTS

The Village's general fund realized \$27,404 or 27% more in revenues than budgeted. General government expenditures were \$2,206 or 5% more than anticipated while public safety (fire and police) expenditures were \$985 or 2% less than budgeted. Public works expenditures through the general fund were \$277 less than expected. Overall, the general fund experienced a positive variance of \$51,690 in the change in fund balances.

The streets and sidewalks fund received \$544 (1%) less than anticipated while expenditures were \$3,160 or 8% less than the amount planned. Together with transfers, there was a positive variance of \$1,773 in the change in fund balances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Village's investment in capital assets, net of accumulated depreciation and related debt at June 30, 2012 and 2011, was \$1,453,654 and \$1,280,866, respectively. These amounts include \$10,000 of land (non-depreciable assets). Additions included infrastructure (water system improvements).

**VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Non-depreciable Assets				
Land	\$ 10,000.00	\$ 10,000.00	\$.00	\$.00
Depreciable Assets				
Building and improvements	107,111.07	112,825.21	.00	.00
Equipment	13,422.05	16,418.05	.00	.00
Vehicles	46,490.58	76,923.31	.00	.00
Furniture/fixtures	2,423.78	3,611.89	.00	.00
Infrastructure	75,870.20	80,230.16	.00	.00
Sewer system	.00	.00	614,318.90	648,382.75
Water system	.00	.00	639,792.59	392,774.92
Net Depreciable Assets	<u>255,317.68</u>	<u>300,008.62</u>	<u>1,254,111.49</u>	<u>1,041,157.67</u>

Long-Term Debt: The proprietary funds of the Village have bonds that extend beyond one year. The long-term portion is \$51,018 at June 30, 2012. Annual requirements are detailed in Note 8.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGET

The budget for 2012-13 again anticipates grant funding for improving the infrastructure within the Village's boundaries as well as enhancing police and fire protection. Sales tax collections are not expected to increase in the subsequent year presenting a challenge for capital improvements as well as operations.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations and demonstrate the Village's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Jennie Jelks at (225) 629-5347, P. O. Box 249, Norwood, Louisiana 70761.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2012

<u>ASSETS</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 56,309.25	\$ 70,714.25	\$ 127,023.50
Receivables, net	-	6,366.14	6,366.14
Restricted assets:			
Cash and cash equivalents	21,863.19	34,824.30	56,687.49
Capital assets, net	255,317.68	1,254,111.49	1,509,429.17
Total Assets	333,490.12	1,366,016.18	1,699,506.30
<u>LIABILITIES</u>			
Accounts payable	-	617.76	617.76
Payroll related withholdings/payable	1,491.32	-	1,491.32
Bonds payable	-	55,774.71	55,774.71
Customer deposits	-	12,069.02	12,069.02
Total Liabilities	1,491.32	68,461.49	69,952.81
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	255,317.68	1,198,336.78	1,453,654.46
Restricted for:			
Customer deposits	-	12,069.02	12,069.02
Debt retirement and contingency	-	22,755.28	22,755.28
Street maintenance/construction	43,166.73	-	43,166.73
Unrestricted	33,514.39	64,393.61	97,908.00
Net Assets	331,998.80	1,297,554.69	1,629,553.49

See Accompanying Notes and Independent Accountants' Review Report

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Governmental Activities						
General government	\$ 51,480.90	\$ -	\$ 10,782.72	\$ -	\$ (40,698.18)	\$ (40,698.18)
Intergovernmental	3,300.00	3,300.00	-	-	-	-
Public safety	95,383.18	36,329.05	-	-	(59,054.13)	(59,054.13)
Public works	36,894.28	-	25,948.07	-	(10,946.21)	(10,946.21)
Total Governmental Activities	187,058.36	39,629.05	36,730.79	-	(110,698.52)	(110,698.52)
Business-Type Activities						
Water	67,710.43	54,515.69	-	228,095.94	-	214,901.20
Sewer	54,782.99	27,924.21	-	-	-	(26,858.78)
Total Business-Type Activities	122,493.42	82,439.90	-	228,095.94	-	188,042.42
Total Primary Government	309,551.78	122,068.95	36,730.79	228,095.94	(110,698.52)	77,343.90
General Revenues, Interest and Transfers						
Taxes:						
Sales					59,378.31	-
Franchise					14,632.51	-
Beer					1,688.77	-

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2012

	<u>Net Revenues (Expenses)</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Licenses and permits	\$ 13,088.43	\$ -	\$ 13,088.43
Interest earned	435.99	236.31	672.30
Interest expense	-	(2,914.63)	(2,914.63)
Other revenues	748.75	-	748.75
Transfers	(39,592.17)	39,592.17	-
Total General Revenues, Interest and Transfers	50,380.59	36,913.85	87,294.44
Change in Net Assets	(60,317.93)	224,956.27	164,638.34
Net Assets, beginning	392,316.73	1,072,598.42	1,464,915.15
Net Assets, ending	331,998.80	1,297,554.69	1,629,553.49

FUND FINANCIAL STATEMENTS

**VILLAGE OF NORWOOD, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 56,309.25	\$ -	\$ 56,309.25
Restricted assets:			
Cash and cash equivalents	8,071.69	13,791.50	21,863.19
TOTAL ASSETS	64,380.94	13,791.50	78,172.44
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Payroll related withholdings/payable	1,491.32	-	1,491.32
Total Liabilities	1,491.32	-	1,491.32
<i>Fund Balances:</i>			
Restricted for street maintenance/construction	-	13,791.50	13,791.50
Assigned for insurance	1,283.04	-	1,283.04
Unassigned	61,606.58	-	61,606.58
Total Fund Balances	62,889.62	13,791.50	76,681.12
TOTAL LIABILITIES AND FUND BALANCE:	64,380.94	13,791.50	78,172.44

See Accompanying Notes and Independent Accountants' Review Report

VILLAGE OF NORWOOD, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Total Governmental Funds	\$ 76,681.12
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current
financial resources and, therefore, are not reported in the
Governmental Funds Balance Sheet. This is the capital
assets, net of accumulated depreciation, reported on the
Statement of Net Assets.

<u>255,317.68</u>

Net Assets - Governmental Activities	<u><u>331,998.80</u></u>
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See Accompanying Notes and Independent Accountants' Review Report

**VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Intergovernmental revenues	\$ -	\$ 3,300.00	\$ 3,300.00
Taxes:			
Sales	26,421.26	32,957.05	59,378.31
Franchise	14,632.51	-	14,632.51
Beer	1,688.77	-	1,688.77
Licenses and permits	13,088.43	-	13,088.43
Fines	36,329.05	-	36,329.05
Grants proceeds/donations	35,782.72	948.07	36,730.79
Interest earned	426.15	9.84	435.99
Other revenues	748.75	-	748.75
Total Revenues	129,117.64	37,214.96	166,332.60
<u>EXPENDITURES</u>			
General government	40,404.83	-	40,404.83
Public safety:			
Fire	18,600.72	-	18,600.72
Police	43,458.41	-	43,458.41
Public works	4,723.14	35,180.32	39,903.46
Total Expenditures	107,187.10	35,180.32	142,367.42
Excess of Revenues over Expenditures	21,930.54	2,034.64	23,965.18
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers	(49,769.22)	10,177.05	(39,592.17)
Change in Fund Balances	(27,838.68)	12,211.69	(15,626.99)
Fund Balances, beginning	90,728.30	1,579.81	92,308.11
Fund Balances, ending	62,889.62	13,791.50	76,681.12

See Accompanying Notes and Independent Accountants' Review Report

**VILLAGE OF NORWOOD, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balances - Total Governmental Funds	\$ (15,626.99)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differed from capital outlay charged in the current period.	<u>(44,690.94)</u>
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Change in Net Assets - Governmental Activities	<u><u>(60,317.93)</u></u>
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VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

<u>ASSETS</u>	Business-Type Activities Enterprise Funds		<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	
Current Assets:			
Cash and cash equivalents	\$ 63,902.37	\$ 6,811.88	\$ 70,714.25
Receivables, net	3,415.40	2,950.74	6,366.14
Total Current Assets	67,317.77	9,762.62	77,080.39
Restricted Assets:			
Cash and cash equivalents	12,069.02	22,755.28	34,824.30
Capital Assets:			
Furniture and equipment	695.00	-	695.00
Water well/distribution system	967,741.90	-	967,741.90
Sewer treatment plant	-	1,364,531.48	1,364,531.48
Less: accumulated depreciation	(328,644.31)	(750,212.58)	(1,078,856.89)
Capital Assets, net	639,792.59	614,318.90	1,254,111.49
Total Assets	719,179.38	646,836.80	1,366,016.18
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	617.76	-	617.76
Payable from restricted assets:			
Bonds payable	-	4,757.10	4,757.10
Total Current Liabilities	617.76	4,757.10	5,374.86

Continued

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Long-Term Liabilities:			
Bonds payable	\$ -	\$ 42,560.61	\$ 42,560.61
Payable from restricted assets:			
Customer deposits	12,069.02	-	12,069.02
Bonds payable	-	8,457.00	8,457.00
Total Long-Term Liabilities	12,069.02	51,017.61	63,086.63
Total Liabilities	12,686.78	55,774.71	68,461.49
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	639,792.59	558,544.19	1,198,336.78
Restricted for:			
Customer deposits	12,069.02	-	12,069.02
Debt retirement and contingency	-	22,755.28	22,755.28
Unrestricted	54,630.99	9,762.62	64,393.61
Total Net Assets	706,492.60	591,062.09	1,297,554.69

See Accompanying Notes and Independent Accountants' Review Report

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 54,515.69	\$ 27,924.21	\$ 82,439.90
<u>OPERATING EXPENSES</u>			
Administrative	6,126.59	1,600.67	7,727.26
Depreciation	31,492.25	34,063.87	65,556.12
Employee and related expenses	10,076.27	9,325.36	19,401.63
Occupancy	4,124.97	2,788.74	6,913.71
Personal services	15,890.35	7,004.35	22,894.70
Total Operating Expenses	67,710.43	54,782.99	122,493.42
Operating Loss	(13,194.74)	(26,858.78)	(40,053.52)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest earned	184.14	52.17	236.31
Grants and other contributions	228,095.94	-	228,095.94
Operating transfers	39,592.17	-	39,592.17
Interest expense	-	(2,914.63)	(2,914.63)
Total Non-Operating Revenues (Expenses)	267,872.25	(2,862.46)	265,009.79
Change in Net Assets	254,677.51	(29,721.24)	224,956.27
Net Assets, beginning	451,815.09	620,783.33	1,072,598.42
Net Assets, ending	706,492.60	591,062.09	1,297,554.69

See Accompanying Notes and Independent Accountants' Review Report

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers/grantors	\$ 55,581.88	\$ 27,775.22	\$ 83,357.10
Cash paid to suppliers for goods/services	(26,418.53)	(12,255.87)	(38,674.40)
Cash paid to employees for services	(10,076.27)	(9,325.36)	(19,401.63)
Net Cash Provided by Operating Activities	19,087.08	6,193.99	25,281.07
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers	39,592.17	-	39,592.17
Net Cash Provided by Non-Capital Financing Activities	39,592.17	-	39,592.17
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from capital grants/contributions	228,095.94	-	228,095.94
Principal paid on notes and bond maturities	-	(4,525.37)	(4,525.37)
Interest paid on notes and bonds	-	(2,914.63)	(2,914.63)
Net Cash Provided by (Used for) Capital and Related Financing Activities	228,095.94	(7,440.00)	220,655.94
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of capital assets	(278,509.94)	-	(278,509.94)
Interest received from savings accounts	184.14	52.17	236.31
Net Cash Provided by (Used for) Investing Activities	(278,325.80)	52.17	(278,273.63)
Net Increase (Decrease) in Cash and Cash Equivalents	8,449.39	(1,193.84)	(32,336.62)
Cash and Cash Equivalents, beginning of year	67,522.00	30,761.00	98,283.00
Cash and Cash Equivalents, end of year	75,971.39	29,567.16	105,538.55

Continued

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating loss	\$ (13,194.74)	\$ (26,858.78)	\$ (40,053.52)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	31,492.25	34,063.87	65,556.12
(Increase) decrease in assets:			
Accounts receivable	409.82	(148.99)	260.83
Increase (decrease) in liabilities:			
Accounts payable	(276.62)	(862.11)	(1,138.73)
Customer deposits	656.37	-	656.37
Net Cash Provided by Operating Activities	<u>19,087.08</u>	<u>6,193.99</u>	<u>25,281.07</u>
Cash Presentation on Statement of Net Assets:			
Current Assets: Cash and cash equivalents	63,902.37	6,811.88	70,714.25
Restricted Assets: Cash and cash equivalents	<u>12,069.02</u>	<u>22,755.28</u>	<u>34,824.30</u>
Cash and Cash Equivalents, end of year	<u>75,971.39</u>	<u>29,567.16</u>	<u>105,538.55</u>

See Accompanying Notes and Independent Accountants' Review Report

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF NORWOOD, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

INTRODUCTION

The Village of Norwood, Louisiana (hereafter referred to as the Village) was created under the provisions of the Lawrason Act, La. Revised Statute 33:321-463, in 1960. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Mayor and three Alderpersons are elected at large every four years by the citizens of the Village. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. It currently serves approximately 180 utility customers and employs nine persons.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accounting and reporting practice of the Village conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of La. Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Village includes all funds which are controlled by or dependent on the Village which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matter, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Village exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Village.

Government-Wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the Village has presented a statement of net assets and statement of activities for the Village as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Under the requirements of GASB Statement No. 34, the Village is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively. The Village opted not to retroactively report those types of capital assets.

Program Revenues

The statement of activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Village. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Village has chosen not to do so.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Operating/Non-Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Village's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The Village recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the Village are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds of the Village include:

1. General Fund – is the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds of the Village include:

1. Enterprises Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements, is recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund:

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

The fund statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated. Principle and interest paid on long-term debt is reported as current expenses.

Budgets: The Village adopts an annual budget for the general fund, special revenue fund and enterprise fund. It is prepared in accordance with the basis of accounting utilized by that fund. It is published and made available for public inspection prior to the start of the fiscal year. Appropriations lapse at year-end. The Board of Alderpersons must approve any revisions that alter the total expenditures. Budgeted amounts shown are as originally adopted and as amended, if applicable, by the Board. Budget amendments are passed on an as-needed basis. A balanced budget is required.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and money market savings. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits,

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments: Investments are limited by La. Revised Statute 49:327. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

Inventory: Inventory of the Village includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statement.

Receivables: Receivables are recorded net of any allowance for uncollectible amounts in both governmental and business-type activities. Management bases its uncollectible amounts in part on historical information. Revenues become susceptible to accrual when they become both measurable and available.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets: Certain proceeds of activities are classified as restricted assets on the statement of net assets because their use is limited. Components of these assets are as follows:

	<u>Customer Deposits</u>	<u>Debt Retirement</u>	<u>Street Maintenance</u>	<u>Total</u>
Cash and cash equivalents	\$ 12,069.02	\$ 22,755.28	\$ 21,863.19	\$ 56,687.49

Capital Assets: The Village's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The Village utilizes a threshold of \$1,000 or more for capitalizing assets. The cost of maintaining and/or repairing capital assets is expensed unless the repair will extend the assets life materially. Significant costs associated with the construction of capital assets are capitalized along with any interest incurred during the construction phase.

Depreciation is recorded using the straight-line method over the useful lives of the assets as follows: buildings – 40 years; equipment – 4-10 years; furniture – 5-7 years; vehicles – 7-10 years and infrastructure – 40-50 years.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception existed for local governments with annual revenues of less than \$10 million. As a result of this exception, the Village elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40-50 years is the water and sewer system that is reported in the business-type activities of the Village. From that point forward, the Village has used the basic approach to infrastructure reporting for its governmental activities.

Compensated Absences: The Village does not provide compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements of governmental activities, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Equity: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Nonspendable – that portion of net resources that cannot be spent because of its form or because it must be maintained intact

Restricted – net resources for which an external and enforceable limitation was placed on its use either by creditors, grantors, contributors or laws/regulations of other governments

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Committed – net resources with a self-imposed limitation set in place by the governing body through a formal action of that body as to its intended use prior to year-end

Assigned – net resources for which an intended specific use is placed by the governing body, a committee thereof or by an official designated to handle that particular use not requiring a formal action of the governing body

Unassigned - that portion of net resources not otherwise classified as nonspendable, restricted, committed or assigned, i.e. surplus.

Interfund Transactions: All interfund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Sales Taxes: Sales taxes are levied by the Police Jury of East Feliciana Parish and allocated to the Village according to their population within the parish. They are collected by the Jury and remitted to the Village the following month.

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank mutually acceptable to both parties.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Village has no deposits (bank balances) that are considered uninsured and uncollateralized at June 30, 2012.

A summary of cash and cash equivalents (book balances) at June 30, 2012, of which \$56,687.49 is restricted, is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Petty cash	\$ 100.00	\$.00
Demand deposits	9,072.65	.00

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Interest-bearing demand deposits	25,997.46	20,501.54
Savings accounts	<u>35,011.79</u>	<u>85,037.01</u>
Total	<u>70,181.90</u>	<u>105,538.55</u>

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2012:

<u>Class</u>	<u>Enterprise Funds</u>
Accounts	\$ <u>6,366.14</u>

An allowance of \$621.77 has been calculated based on prior years' collection history considering subsequent period receipts.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 10,000.00	\$.00	\$.00	\$ 10,000.00
Capital Assets, being depreciated				
Buildings and Improvements	155,783.60	.00	.00	155,783.60
Less: accumulated depreciation	<u>42,958.39</u>	<u>5,714.14</u>	<u>.00</u>	<u>48,672.53</u>
Net Buildings and Improvements	112,825.21	(5,714.14)	.00	107,111.07
Equipment	275,413.08	.00	.00	275,413.08
Less: accumulated depreciation	<u>258,995.03</u>	<u>2,996.00</u>	<u>.00</u>	<u>261,991.03</u>
Net Equipment	16,418.05	(2,996.00)	.00	13,422.05
Furniture and fixtures	19,091.24	.00	.00	19,091.24
Less: accumulated depreciation	<u>15,479.35</u>	<u>1,188.11</u>	<u>.00</u>	<u>16,667.46</u>
Net Furniture and Fixtures	3,611.89	(1,188.11)	.00	2,423.78
Vehicles	211,832.56	.00	10,000.00	201,832.56
Less: accumulated depreciation	<u>134,909.25</u>	<u>30,432.73</u>	<u>10,000.00</u>	<u>155,341.98</u>
Net Vehicles	76,923.31	(30,432.73)	.00	46,490.88

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Infrastructure	87,201.12	.00	.00	87,201.12
Less: accumulated depreciation	<u>6,970.96</u>	<u>4,359.96</u>	<u>.00</u>	<u>11,330.92</u>
Net Infrastructure	80,230.16	(4,359.96)	.00	75,870.20
Total Capital Assets, being depreciated, net	<u>290,008.62</u>	<u>(44,690.94)</u>	<u>.00</u>	<u>245,317.68</u>
Capital Assets, net	<u>300,008.62</u>	<u>(44,690.94)</u>	<u>.00</u>	<u>255,317.68</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, being depreciated				
Furniture and Equipment	\$ 695.00	\$.00	\$.00	\$ 695.00
Less: accumulated depreciation	<u>695.00</u>	<u>.00</u>	<u>.00</u>	<u>695.00</u>
Net Furniture and Equipment	.00	.00	.00	.00
Sewer system	1,364,531.48	.00	.00	1,364,531.48
Less: accumulated depreciation	<u>716,148.72</u>	<u>34,063.86</u>	<u>.00</u>	<u>750,212.58</u>
Net Sewer System	648,382.76	(34,063.86)	.00	614,318.90
Water system	689,231.96	278,509.94	.00	968,436.90
Less: accumulated depreciation	<u>296,457.05</u>	<u>31,492.26</u>	<u>.00</u>	<u>328,644.31</u>
Net Water System	<u>392,774.91</u>	<u>247,017.68</u>	<u>.00</u>	<u>639,792.59</u>
Capital Assets, net	<u>1,041,157.67</u>	<u>212,953.82</u>	<u>.00</u>	<u>1,254,111.49</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 11,076.07
Public safety	33,324.05
Public works	<u>290.82</u>
Total	<u>44,690.94</u>

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of current payables at June 30, 2012:

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$.00	\$ 617.76	\$ 617.76
Payroll/withholdings	1,491.32	.00	1,491.32
Customer deposits	.00	12,069.02	12,069.02
Bonds, short term portion	.00	4,757.10	4,757.10
Bonds, long term portion	.00	51,017.61	51,017.61
Total	<u>1,491.32</u>	<u>68,461.49</u>	<u>69,952.81</u>

NOTE 6 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations incurred as of June 30, 2012:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds	<u>60,300.08</u>	<u>.00</u>	<u>4,525.37</u>	<u>55,774.71</u>	<u>4,757.10</u>

Annual requirements to retire long-term debt associated with bonds issued are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
6/30/13	\$ 4,757.10	\$ 2,682.90
6/30/14	5,810.13	1,629.87
6/30/15	5,256.75	2,183.25
6/30/16	5,054.81	2,385.19
6/30/17	6,106.31	1,333.69
Remaining years	<u>28,789.61</u>	<u>4,029.63</u>
Total	<u>55,774.71</u>	<u>14,244.53</u>

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – RESTRICTED NET ASSETS

The following is a summary of restricted net assets at June 30, 2012:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Restricted for:		
Customer deposits	\$.00	\$ 12,069.02
Debt retirement and contingency	.00	22,755.28
Street maintenance/construction	<u>43,166.73</u>	<u>.00</u>
 Total Restricted for	 <u>43,166.73</u>	 <u>34,824.330</u>

NOTE 8 – LEASES

No capital leases existed at June 30, 2012.

NOTE 9 – RETIREMENT SYSTEM

The Village pays social security on its employees. No other system of retirement is currently in place.

NOTE 10- OTHER POST-EMPLOYMENT BENEFITS

The Village does not provide any post-employment benefits to its employees.

NOTE 11 – PROPRIETARY FUND SEGMENT INFORMATION

The Village maintains one enterprise fund which provides water and sewer services. Segment information for the year ended June 30, 2012, is as follows:

Condensed Statement of Net Assets

Current assets	\$ 77,080.39
Restricted assets	34,824.30
Capital assets, net	<u>1,254,111.49</u>
 Total Assets	 1,366,016.18
 Current liabilities	 5,374.86
Long-term liabilities	<u>63,086.63</u>
 Total Liabilities	 68,461.49

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Invested in capital assets, net	1,198,336.78
Restricted	34,824.30
Unrestricted	<u>64,393.61</u>

Total Net Assets	<u>1,297,554.69</u>
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Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets

Operating Revenues:

Charges for services	\$ 82,439.90
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Operating expenses	56,937.30
Depreciation	<u>65,556.12</u>

Total Operating Expenses	<u>122,493.42</u>
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Operating Loss	(40,053.52)
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Non-operating revenue (expenses)	<u>265,009.79</u>
----------------------------------	-------------------

Change in Net Assets	<u>224,956.27</u>
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Condensed Statement of Cash Flows

Net cash provided by (used for):

Operating activities	\$ 25,281.07
Non-capital financing activities	39,592.17
Capital and related financing activities	220,655.94
Investing activities	<u>(278,2573.63)</u>

Net decrease in cash and cash equivalents	(32,336.62)
---	-------------

Cash and cash equivalents, beginning of year	<u>98,283.00</u>
--	------------------

Cash and cash equivalents, end of year	<u>105,538.55</u>
--	-------------------

Currently, the Village has an average of 103 residential and non-residential sewer customers. Rates for sewer services are \$10.12 for the first 100 gallons and 29¢ per hundred thereafter. There are approximately 180 residential and non-residential water customers that the Village serves.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure.

NOTE 13 – LITIGATION

There is no litigation that would require disclosure in the accompanying financial statements.

NOTE 14 – SUBSEQUENT EVENTS

There have been no transactions or events subsequent to June 30, 2012, through the date of this report that would materially impact the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

**VILLAGE OF NORWOOD, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>	<u>Original</u>	<u>Final</u>		
Taxes:				
Sales	\$ -	\$ -	\$ 26,421.26	\$ 26,421.26
Franchise	19,100.00	14,945.00	14,632.51	(312.49)
Beer	2,000.00	1,689.00	1,688.77	(0.23)
Licenses and permits	14,550.00	13,105.00	13,088.43	(16.57)
Fines	58,000.00	35,420.00	36,329.05	909.05
Grants proceeds/donations	60,360.00	35,778.00	35,782.72	4.72
Interest earned	48.00	49.00	426.15	377.15
Other revenues	1,900.00	728.00	748.75	20.75
Total Revenues	155,958.00	101,714.00	129,117.64	27,403.64
<u>EXPENDITURES</u>				
General government	41,334.00	38,199.00	40,404.83	(2,205.83)
Public safety:				
Fire	14,710.00	18,654.00	18,600.72	53.28
Police	74,800.00	44,390.00	43,458.41	931.59
Public works	5,000.00	5,000.00	4,723.14	276.86
Capital outlay	25,000.00	25,000.00	-	25,000.00
Total Expenditures	160,844.00	131,243.00	107,187.10	24,055.90
Excess (Deficiency) of Revenues over Expenditures	(4,886.00)	(29,529.00)	21,930.54	51,459.54
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers	-	(50,000.00)	(49,769.22)	230.78
Change in Fund Balances	(4,886.00)	(79,529.00)	(27,838.68)	51,690.32
Fund Balances, beginning	90,728.30	90,728.30	90,728.30	-
Fund Balances, ending	85,842.30	11,199.30	62,889.62	51,690.32

See Independent Accountants' Review Report

**VILLAGE OF NORWOOD, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
STREETS AND SIDEWALKS FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental:				
La. DOTD maintenance fees	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	\$ -
Taxes:				
Sales	28,000.00	33,500.00	32,957.05	(542.95)
Grant proceeds/contributions	25,000.00	948.00	948.07	0.07
Interest earned	20.00	11.00	9.84	(1.16)
Other revenues	-	-	-	-
Total Revenues	56,320.00	37,759.00	37,214.96	(544.04)
<u>EXPENDITURES</u>				
Public works	58,580.00	38,340.00	35,180.32	3,159.68
Excess (Deficiency) of Revenues over Expenditures	(2,260.00)	(581.00)	2,034.64	2,615.64
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers	5,000.00	11,020.00	10,177.05	(842.95)
Change in Fund Balances	2,740.00	10,439.00	12,211.69	1,772.69
Fund Balances, beginning	1,579.81	1,579.81	1,579.81	-
Fund Balances, ending	4,319.81	12,018.81	13,791.50	1,772.69

See Independent Accountants' Review Report

AGREED-UPON PROCEDURES

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Rebecca Bellue, Mayor
And Board of Alderpersons
Village of Norwood, Louisiana
P. O. Box 249
Norwood, Louisiana 70761

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Norwood, LA and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Norwood, LA's compliance with certain laws and regulations during the year ended June 30, 2012 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code), whichever is applicable.

The cash disbursement journal was scanned and there were no expenditures exceeding \$20,000 for materials or supplies or public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budget.

6. Trace the budget adoption and amendments to the minute book.

The adoption of the original and amended budgets was traced to the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. There were no exceptions.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the Mayor and Alderpersons.

Meetings

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Evidence examined supported that agendas for meetings were properly posted.

Debt

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds or like indebtedness.

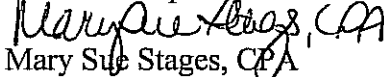
Advances and Bonuses

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advance, or gifts.

We inspected payroll records for the year and noted no instances that would indicate payments to employees that would constitute bonuses, advances or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Norwood, LA and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Mary Sue Stages, CPA

A Professional Accounting Corporation

Baker, LA

December 19, 2012

SUPPLEMENTAL INFORMATION

VILLAGE OF NORWOOD, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED JUNE 30, 2012

The following information is provided in compliance with House Concurrent Resolution No. 54 of the Louisiana Legislature.

<u>Name</u>	<u>Amount</u>
<i>Mayor</i>	
Rebecca G. Bellue	\$ 3,000.00
P. O. Box 35	
Norwood, LA 70761	
(225) 629-5561	
<i>Alderspersons</i>	
David C. Jett	900.00
P. O. Box 8	
Norwood, LA 70761	
(225) 629-5422	
James McCaa	900.00
P. O. Box 5	
Norwood, LA 70761	
(225) 629-4003	
James M. Reynolds	<u>900.00</u>
P. O. Box 129	
Norwood, LA 70761	
(225) 629-5959	
Total	<u>5,700.00</u>

See Independent Accountants' Review Report

VILLAGE OF NORWOOD, LA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<i>Non-Major Programs</i>		
U. S. Department of Agriculture U. S. Forest Service Pass-Through State of Louisiana, Department of Agriculture & Forestry Volunteer Fire Assistance Program	10.664	\$ 5,107.72
U. S. Federal Emergency Management Agency Office of Homeland Security Pass-Through Governor's Office of Homeland Security & Emergency Preparedness Assistance to Communities		928.07
Total Federal Awards Expended		6,035.79

Notes to Schedules of Expenditures of Federal Awards
Year Ended June 30, 2012

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the Village and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report

VILLAGE OF NORWOOD, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2012

<u>Policy No.</u>	<u>Expiration</u>	<u>Carrier</u>	<u>Coverage</u>	<u>Amount</u>
T200148	1/1/2013	EMC Insurance Companies	Fidelity bond:	
			Mayor	\$ 30,000.00
			Mayor Pro-Temp	\$ 30,000.00
			Clerk	\$ 10,000.00
70-02...	Mthly	La. Municipal Risk Management Agency	Workers' compensation	Statutory
100-0265-0001280	2/19/2013	La. Municipal Risk Management Agency	Commercial General Liability	
			Premises operations	\$ 500,000.00
			Products aggregate limit	\$ 500,000.00
			Fire legal liability	\$ 50,000.00
			Bodily injury/property damage	\$ 500,000.00
			Medical limit, any one person	\$ 1,000.00
			Medical limit, per accident	\$ 10,000.00
			Law Enforcement Officer	
			Deductible	\$ 1,000.00
			Personal injury/property	\$ 500,000.00
			Automobile Liability	
			Bodily injury/property damage	\$ 500,000.00
2X8-96-62-10	3/19/2013	EMC Insurance Companies	Business Property	
			Limit	\$ 54,080.00
			Deductible	\$ 1,000.00
			Coinsurance	80%
5CB 8346	10/9/2012	Essex Insurance Company	Auto Physical Damage	
			Deductible each loss	\$ 500.00

VILLAGE OF NORWOOD, LOUISIANA
PROPOSED BUDGET
GENERAL FUND
YEAR ENDING JUNE 30, 2013

REVENUES

Taxes:

Franchise	\$ 15,000.00
Beer	1,700.00
Licenses and permits	13,000.00
Fines	35,500.00
Grant proceeds/donations	33,750.00
Interest earned	50.00
Other revenues	<u>1,000.00</u>

Total Revenues, Proposed	100,000.00
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EXPENDITURES

General Government

38,000.00

Public Safety:

Fire	18,000.00
Police	<u>44,000.00</u>

Total Expenditures, Proposed	<u>100,000.00</u>
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Change in Fund Balances	<u><u>-</u></u>
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**VILLAGE OF NORWOOD, LOUISIANA
PROPOSED BUDGET
STREETS AND SIDEWALKS FUND
YEAR ENDING JUNE 30, 2013**

REVENUES

Intergovernmental:

La. DOTD maintenance fees

\$ 3,300.00

Taxes:

Sales

33,500.00

Interest earned

10.00

Total Revenues, Proposed

36,810.00

EXPENDITURES

Public Works

36,810.00

Change in Fund Balances

-

See Independent Accountants' Review Report

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Mary Sue Stages, CPA, APAC
P. O. Box 30
Baker, Louisiana 70704-0030

In connection with your review of our financial statements as of June 30, 2012, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date indicated below.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [☒] No [☐]

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No [☐]

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No [☐]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No [☐]

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No [☐]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No [☐]

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations. We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Rebecca Bellace President 9/13/12 Date
Signatures as applicable